



## **Checkout Bag Tax Act Key Points:**

- Amend Iowa Code Section [331.301](#), subsection 6 c. (1) and Iowa Code Section [364.3](#), subsection 3 c. (1) to remove the preemptive ban on any Iowa counties and cities from taxing or banning single-use bags. See page 8 for sample language.
- The proposed Checkout Bag Tax Act modeled after legislation from the State of Illinois would implement a five-cent tax per every single-use plastic, paper, or compostable bag consumed at retailer stores in the State of Iowa.  
See pages 9-12 for sample language.
- The proposed Checkout Bag Tax Act would raise a projected \$38 million in revenues within ten years of its passage to fund education and environmental conservation efforts in the State of Iowa through the Department of Education and the Department of Natural Resources. See pages 3 and 9-12 for specifics.
- The proposed Checkout Bag Tax Act, based on legislation with proven effectivity in cities, counties, and states across the United States as well as abroad, would effectively stymie single-use bag consumption and wastage in the State of Iowa to minimize environmental degradation. See pages 4-7 for more information.



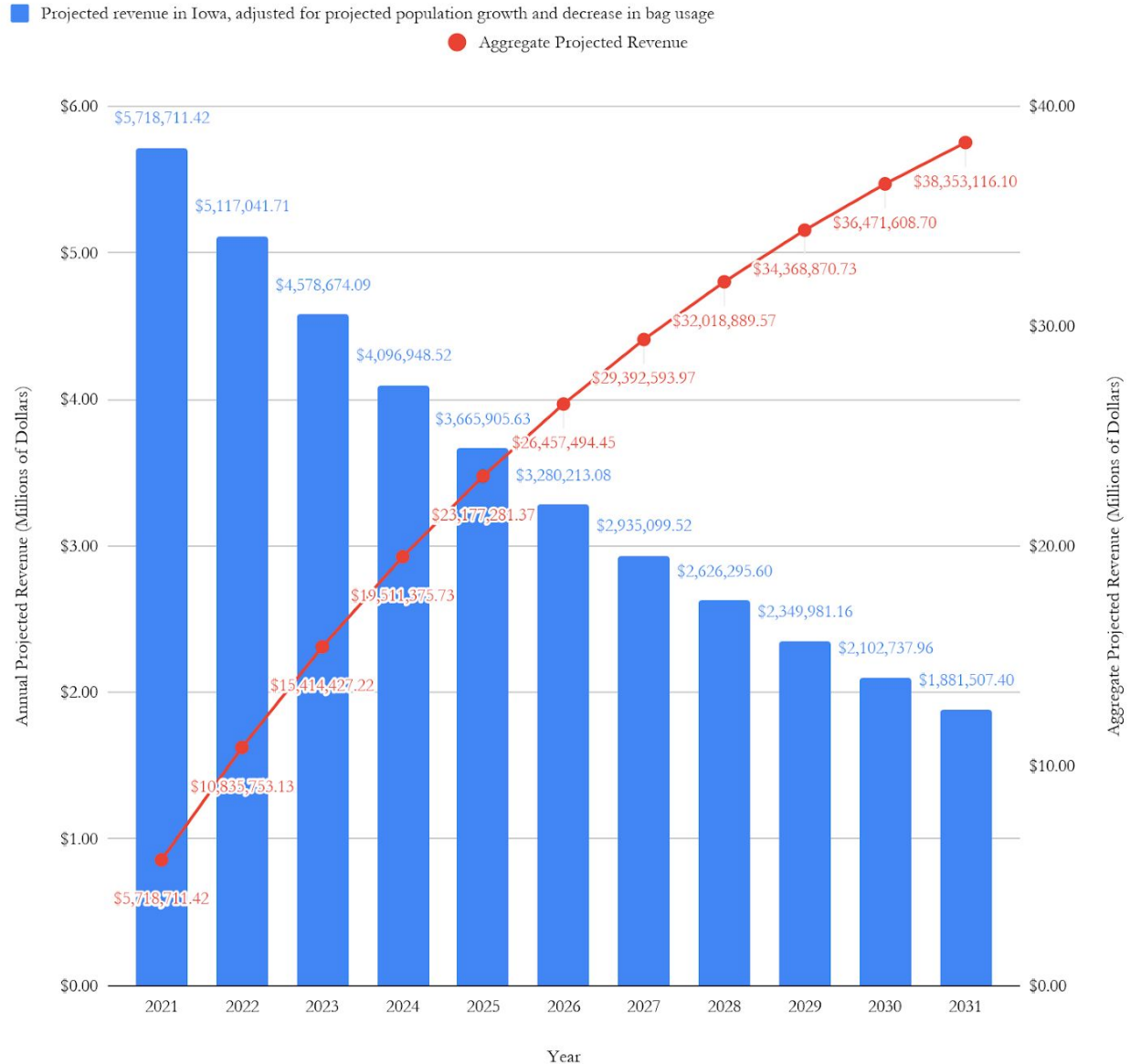
## **Checkout Bag Tax Act Fact Sheet:**

- Over 550 million plastic bags were used in Iowa's grocery industry in 2018 alone (Danielson).
- There was an 80% increase in plastic bags from 2002 to 2017 at the Metro Waste Authority's landfill in Polk County (Kilen).
- According to the Iowa Department of Natural Resources, 40 tons of materials were collected from the Des Moines River in 2016, 4.3 tons of which were composed of plastic bags, along with cans, bottles, and hazardous household materials ("A River through Time").
- The City of San Jose, California reports that, just one year after implementing a tax on single-use plastic bags, bag litter reduced by 89 percent in the storm drain system, 60 percent in creeks and rivers, and 59 percent in city streets and neighborhoods (Zeitlin).
- For more information on the severity of this issue, the sources we use, and the effectivity of other cities, counties, states, and countries in combating this issue through legislation similar to that which we propose, read pages 4-7.

For tables of the following data and a breakdown of its calculations, visit the following website:

[https://docs.google.com/spreadsheets/d/1oNnS8VKg42Hm3NhhLK-\\_ewfNDIVDTRYGu1PGd5OwIig/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1oNnS8VKg42Hm3NhhLK-_ewfNDIVDTRYGu1PGd5OwIig/edit?usp=sharing)

Projected 10-year revenue earnings in Iowa from the passage of the Checkout Bag Tax Act, adjusted for projected population growth and decreased bag usage, in millions of 2019 dollars





## **Checkout Bag Tax Act In-Depth Research:**

### **Position:**

It is the position of the Iowa Youth Congress that the Iowa legislature should pass legislation enforcing a five-cent tax on single-use plastic, paper, and compostable bags to stymie environmental degradation and leverage all revenue; projected \$44.5 million in revenue within ten years of its enactment (see page 2), to support Iowa's education and environmental conservation efforts.

### **Current Situation:**

#### **1. SINGLE-USE BAGS POSE SERIOUS ENVIRONMENTAL THREATS**

Every year, approximately 8 million metric tons of plastic enter Earth's oceans (Le Guern). The United States perpetuates this issue. According to the Des Moines Register, the United States collectively uses 12 million barrels of oil a year to meet plastic bag demand and discards 100,000,000,000, or one hundred billion, plastic bags annually (Rood). The production, consumption, disposal, and waste of single-use plastic bags only contributes to the various environmental crises our world faces. According to National Geographic, plastic bags can take over 400 years to degrade (Kilen). According to the Des Moines Register, the longevity of plastic bags enables just one plastic bag to harm and kill multiple animals (Kilen).

#### **2. THE STATE OF IOWA DIRECTLY CONTRIBUTES TO BUT CAN DIRECTLY REDUCE ENVIRONMENTAL DEGRADATION CAUSED FROM SINGLE-USE BAGS**

The various crises our world faces seem distant from Iowa. However, according to Texas A&M University, the Mississippi River that borders Iowa is one of the largest sources of microplastic ocean debris, where approximately 40 tons of polyethylene, the material used to make plastic, or more enter the Mississippi River Watershed annually (Conkle et al.). Simply stated, plastic bag production, consumption, disposal, and waste in Iowa directly contribute to the worldwide crisis.

#### **3. IOWANS CONSUME, WASTE, AND DISPOSE OF LARGE QUANTITIES OF SINGLE-USE BAGS**

Iowa's contribution to the problem is large: there were over 550-million plastic bags used in the grocery industry alone in Iowa in 2018 (Danielson). Project AWARE is an organization that partners with the University of Iowa to pick up trash along the Boone River; the number of pounds of plastic they picked up more than doubled from 2014 to 2017 when they hauled in 3,440 pounds (Kilen). According to the Iowa Department of Natural Resources, 40 tons of materials were collected from the Des Moines River in 2016, 4.3 tons of which were composed of plastic bags, along with cans, bottles, and hazardous household materials ("A River through Time"). According to the Des

Moines Register, the percentage of plastic bags increased by 80% from 2002 to 2017 at the Metro Waste Authority's landfill in Polk County (Kilen); now, 18% of the Metro Waste Authority's landfill in Polk County is plastic (Kilen). Similarly, according to the Des Moines Register, approximately 19% of the Cedar Rapids Linn County Solid Waste Agency landfill is plastic (Kilen). According to city documents from Iowa City, about 360 tons of plastic bags enter Iowa city's landfill each year (Fetty). Unfortunately, these high levels of plastic waste are common across Iowa: according to the Iowa Department of Natural Resources, plastic film, wrap, and bags have become the second-largest category of items occupying 15 different landfills across the state, increasing in amount by 15 percent between 2011 and 2017 ("DNR Releases 2017"). To discourage the production, consumption, and eventual disposal and wastage of single-use plastic, paper, and compostable bags in Iowa, the Iowa Youth Congress recommends that the Iowa state legislature implements legislation that taxes these single-use bags.

### **Rationale:**

#### **1. MANY CITIES, STATES, AND COUNTRIES ARE BANNING SINGLE-USE BAGS**

According to Forbes Magazine, as of September 2018, 349 cities in the US banned or taxed single-use grocery bags (Nace). By August 2019, the number of cities in the US that banned or taxed single-use bags increased to over 400 (Zeitlin). Some notable cities that have banned single-use bags include the following: Boston, MA; Chicago, IL; Los Angeles, CA; San Francisco, CA; Seattle, WA ("State Plastic and Paper"). In suit with cities across the nation, according to the Des Moines Register, Iowa City, Dubuque, and Marshall County, were in the process of adding a ban or tax on disposable grocery bags prior to Governor Branstad's signing of the preemptive ban (HF 295 from 2017) on banning or taxing single-use grocery bags (Rood). Iowa should also tax single-use bags because a number of other states have enacted similar legislation. According to the National Conference of State Legislatures, California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maine, New York, Oregon, and Vermont have passed legislation banning or taxing single-use bags ("State Plastic and Paper"). In 2014, California was the first state to pass a statewide ban on single-use bags ("State Plastic and Paper"). In certain locations, they charged 10 cents per bag, with all revenue going to an environmental fund ("State Plastic and Paper"). Hawaii banned all non-biodegradable bags in 2015 ("State Plastic and Paper"). In 2019, the New York legislature banned all single-use plastics at grocery stores effective March 2020, allowing certain counties to tax single-use bags with portions of the revenue going to an environmental fund ("State Plastic and Paper"). Many countries are taking similar steps to stop bag waste and pollution. According to a 2018 United Nations report, more than 60 nations across the world have taken steps to reduce single-use plastics by imposing bans or taxes (Howard et al.). India, the second most populated country in the world, approved the ban of all plastic bags, effective 2022 (Howard et al.).

#### **2. RAISED REVENUES FROM TAXING SINGLE-USE BAGS FUND IMPORTANT PROGRAMS**

In addition to participating in the ongoing environmental reforms of our nation and world, Iowa should also tax single-use plastic, paper, and compostable bags because such legislation has earned significant revenue for other states and has been used for worthy causes. Washington, D.C., for example, directs revenue to a D.C. Department of Energy and Environment fund (Grace and Powers). Colorado directs revenue to a housing development grant fund

that expands the supply of affordable housing across the state (“Affordable Housing Plastic”). Taxes across the State of Illinois will earn a projected \$23 million from retaining just 5 cents of their 7-cent tax per bag (Berg). Iowa will raise a projected \$44.5 million in revenues within 10 years of this bill’s enactment (see page 2). The Iowa Youth Congress suggests all revenue earned from this tax should be used to support school districts across the state and environmental conservation and education efforts (see sample wording beginning on pages 7-10 for specifics).

### 3. A TAX EFFECTIVELY DECREASES THE WASTAGE AND CONSUMPTION OF SINGLE-USE BAGS

Iowa should tax single-use plastic bags because such legislation effectively decreases both single-use bag wastage and consumption. According to the Des Moines Register, several countries, including Denmark, Ireland, and Wales, levied taxes or fees on retailers or consumers who used plastic bags, and they effectively reduced plastic bag use by 90 percent and more (Rood). City officials in Washington, D.C. report that plastic bag usage has dropped by about 60% since their fee took effect in 2009 (Grace and Powers). In Montgomery County, Maryland, plastic-bag consumption decreased by over 51% after the tax took effect (Zeitlin). The City of San Jose, California reports that, just one year after implementing a tax on single-use plastic bags, bag litter reduced by 89 percent in the storm drain system, 60 percent in creeks and rivers, and 59 percent in city streets and neighborhoods (Zeitlin). Furthermore, the percentage of people in the City of San Jose, California who used reusable bags increased from 4% to 62%, the number of people who used no bag doubled, and the average number of bags used per customer dropped by over 67%, all just one year after the tax went into effect (Zeitlin).

#### **Recommended Action:**

Because many cities, states, and countries are taxing single-use bags to prevent environmental degradation, taxes effectively raise large revenues to fund important programs, and taxes effectively stymie the wastage and consumption of single-use bags, it is the position of the Iowa Youth Congress that the Iowa legislature should pass legislation enforcing a five-cent tax on single-use plastic, paper, and compostable bags and leverage all revenue (projected \$44.5 million in revenue within ten years of enactment -- see page 2) to support Iowa’s education and environmental conservation efforts.

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## **Amending Preemptive Ban Sample Wording:**

Amends Iowa Code Section 331.301, subsection 6 c. (1) and Iowa Code Section 364.3, subsection 3 c. (1) to remove the restrictions on counties and cities regarding the establishment of certain regulations relating to the sale or marketing of consumer merchandise, providing for properly related matters.

AN ACT concerning local governance (?).

Be it enacted by the People of the State of Iowa, represented in the General Assembly:

### Section 1.

Iowa Code Section 331.301, subsection 6 c. (1), is amended to read as follows:

A county may ~~shall not~~ adopt an ordinance, motion, resolution, or amendment that sets standards or requirements regarding the sale or marketing of consumer merchandise that are different from, or in addition to, any state law. For purposes of this paragraph:

### Section 5.

Iowa Code Section 364.3, subsection 3 c. (1), is amended to read as follows:

A city may ~~shall not~~ adopt an ordinance, motion, resolution, or amendment that sets standards or requirements regarding the sale or marketing of consumer merchandise that are different from, or in addition to, any state law. For purposes of this paragraph:





## Checkout Bag Tax Act Sample Wording:

(The State of Illinois language is accessible at

<http://ilga.gov/legislation/fulltext.asp?DocName=&SessionId=108&GA=101&DocTypeId=SB&DocNum=1240&GAID=15&LegID=117746&SpecSess=&Session=>)

Creates the Checkout Bag Tax Act. Imposes a tax of \$0.05 on each checkout bag used by a customer at a retail establishment in the State. Provides that the term "checkout bag" means a single-use plastic, paper, or compostable bag provided by a retail establishment at the checkout, cash register, point of sale, or other point of departure to a customer for the purpose of transporting goods out of the retail establishment. Sets forth certain exceptions. Provides that the proceeds from the tax shall be appropriated for educational purposes and environmental conservation purposes.

AN ACT concerning revenue.

Be it enacted by the People of the State of Iowa, represented in the General Assembly:

### Section 1. Short title.

This Act may be cited as the Checkout Bag Tax Act.

### Section 5. Definitions.

As used in this Act:

"Agency" means the Iowa Environmental Protection Agency.

"Auxiliary container" means, but is not limited to, a bag, cup, bottle, lid, or other packaging that is:

- (1) designed to be reusable or for single-use;
- (2) made of cloth, paper, plastic, cardboard, corrugated material, aluminum, glass, extruded polystyrene, post-consumer recycled material, or similar material or substrates, including coated, laminated, or multi-layer substrates;
- (3) designed for transporting, containing, or protecting merchandise, food, or beverages from a retail establishment or restaurant;
- (4) used to package bulk items such as fruit, vegetables, nuts, grains, or candy;

- (5) used for greeting cards or small hardware items such as nails and bolts;
- (6) used to contain or wrap frozen foods, meat, or fish whether prepackaged or not;
- (7) used to contain or wrap flowers or potted plants or other items where dampness may be a problem;
- (8) used to contain unwrapped prepared foods or bakery goods;
- (9) used to contain prescription drugs;
- (10) used to safeguard public health and safety during the transportation of prepared take-out foods and prepared liquids intended for consumption away from a retail establishment or restaurant; or
- (11) a newspaper bag, door-hanger bag, laundry cleaning bag, garment bag, or a bag of any type that customers bring to a retail establishment for their own use or to carry away from the retail establishment goods that are not placed in a bag provided by the retail establishment.

"Checkout bag" means a single-use plastic, paper, or compostable bag that is provided by a retail establishment at the checkout, cash register, point of sale, or other point of departure to a customer for the purpose of transporting goods out of the retail establishment. The term "checkout bag" does not include auxiliary containers.

"Department" means the Department of Revenue.

"Restaurant" means any business having sales of ready-to-eat food for immediate consumption comprising at least 51% of total sales excluding the sale of liquor.

"Retail establishment" means any person, corporation, partnership, business venture, public sports or entertainment facility, government agency, or organization that sells or provides merchandise, goods, or materials, including, but not limited to, clothing, food, beverages, household goods, or personal items of any kind directly to a customer.

"Retail establishment" includes, but is not limited to, department stores, clothing stores, jewelry stores, grocery stores, pharmacies, home improvement stores, liquor stores, convenience stores, gas stations, restaurants, mobile food delivery, and farmers markets. The term "retail establishment" does not include food banks or other food assistance programs.

"Wholesaler" means any person who engages in the business of selling or supplying checkout bags to any retail establishment for use in the State and includes any such person who makes or fabricates checkout bags or packs and sells checkout bags in packages.

Section 10. Payment of checkout bag tax required.

A checkout bag tax of \$0.05 is imposed on each checkout bag used by a customer at retail establishments located in the State. The fee shall be paid by the customer. The ultimate incidence and liability for payment of the tax are to be borne by the customer. The tax shall be separately stated on the receipt provided to the customer at the time of sale and shall be identified as the Checkout Bag Tax. It is a violation of this Section for the retail establishment to fail to separately itemize the tax on a customer's purchase of such a bag or to otherwise absorb the tax on such sale. The tax shall be collected by retail establishments in the State who are providing the checkout bag for the customer. The retail establishment shall remit to the Department the net amount of \$0.05 per checkout bag sold or used. If a wholesaler sells checkout bags to a purchaser other than a retail establishment for use or consumption by such person in the State, then the wholesaler shall collect the tax from such a purchaser and remit it to the Department in the same manner as applies to its sales to retail establishments.

The Department shall remit \$0.02 per bag to the Department of Natural Resources and \$0.03 per bag to the Department of Education.

The Department shall publish an annual report detailing the amount of taxes remitted to each of the three aforementioned departments. The report may be published electronically.

#### Section 15. Use of tax proceeds by Iowa.

The Department of Natural Resources of the State of Iowa shall use the remitted revenue from the checkout bag tax for any of the following purposes:

- (1) For education programs to reduce contamination and increase participation in recycling and composting programs;
- (2) For programs to increase the collection and recycling or composting of auxiliary containers; or
- (3) For programs or grants to encourage infrastructure development for and market development for recycling and composting.

The Department of Education of the State of Iowa shall use the remitted revenue from the checkout bag tax for any of the following purposes:

- (1) For environmental education programs;
- (2) For improved sustainability practices;
- (3) For mental health educational programs;
- (4) To provide supplemental aid to school districts; or
- (5) To provide funds to school districts and educators for educational supplies, materials, and programs deemed to be

of substantial importance for classroom instruction by the Department of Education.

Section 20. Exemption.

The tax imposed under this Act does not apply to the retail sale or use of checkout bags that are used to carry items purchased pursuant to the Supplemental Nutrition Assistance Program or a similar governmental food assistance program.